HUD newsletter
U.S. Department of Housing and Urban Development
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Current Trends

The *Conference Report on the Housing and Community Development Act of 1977 (HR 6655)* has been filed. Following floor action by both the ***House*** and ***Senate***. . . the *Bill* will go to the ***White House*** for Presidential action.

The *U.S. League of Savings Associations* reported that mortgage loan delinquencies in the Nation's *S&Ls* in August dropped sharply. The August level of .78 percent was a decrease from the July rate of .87 percent. . . the lowest level in 1977 to date. . . and the lowest since the same rate was reached in June 1974. First quarter delinquencies ran in the high 90's. . . with a January and February level of .98 percent.

The ***League*** also reported that the Nation's ***S&Ls*** set new August records for both savings inflows and mortgage lending. Mortgage loans closed during the month. . . $10.5 billion. . . were 35.5 percent above the previous record for August set in 1976. Net savings inflow for the month reached $2.9 billion. . . also a new high for the month. For the first eight months of the year. . . mortgages closed totaled $69.5 billion. . . 36.5 percent higher than the same period in 1976. . . more than twice the volume of January-August 1975. . . already exceeding the full-year performance of $55 billion in 1975. . . and will very likely soon overtake the $78.8 billion record volume of 1976. The savings inflow for the 8-month period showed the largest gain ever for the period. . . $35.4 billion.

Not only did *S&L* lending in August break all previous records. . . but private mortgage insurance written set new monthly records. . . according to *HUD's* survey of mortgage activity for August. Because of the close association of mortgage insurance with total mortgage origination volume. . . the data suggest that total 1 to 4-family mortgage lending during the month probably was heavier than the record volume recorded for June 1977. A total of 66,796 new certificates of insurance on 1 to 4-family homes. . . carrying a total loan amount of $2.35 billion. . . also a monthly record. . . were issued. Total private insurance in force on 1 to 4-family mortgages at the end of August was $57.5 billion. . . $11.9 billion higher than a year earlier.

At the end of the second quarter. . . national vacancy rates were 5.3 percent in rental housing and 1.3 percent in homeowner housing. This was unchanged from the first quarter of 1977. . . but lower than the 5.8 percent rental housing figure at the end of June 1976.

Senator Proxmire. . . *Chairman of the Senate Committee on Banking, Housing, and Urban Affairs* has called hearings for the purpose of inquiring into the "shocking increases in lumber prices which pose threats to both housing and employment." *The National Association of Home Builders*. . . along with others in the housing industry . . . has expressed alarm over the escalation of prices. . . reported to be 20 percent in the last 2 months. . . and up to 90 percent in the last 2 years.

Urban renewal project notes totaling $72.3 million. . . representing 34 local issuing agencies. . . were sold in late September at an average interest rate of 3.185 percent. The average interest rate for the $132.3 million of project notes sold in August was 3.153 percent.

HUD Expands Equal Opportunity Role

Effective October 1... *HUD* will assume the *Equal Opportunity* contract compliance functions related to *Executive Order 11246* that are now divided between four *Federal Agencies. HUD* will take over the responsibilities, budgets, and personnel now alloted to the ***Economic Development Administration, the Department of HEW,*** and the ***Veterans Administration*** in this program.

The consolidation move is intended to strengthen the management of the Government's contract compliance functions by reducing from 16 to 11 the number of ***Federal Agencies*** charged with the enforcement of *Affirmative Action* requirements for Federal contractors. At the same time... it will reduce the number of ***Agencies*** responsible for reviewing the performance of individual contractors who may be working on more than one Federal contract... or for more than one ***Federal Agency.***

HUD has completed plans for the transition... including scheduling of training programs for the staff people to be transferred from other ***Agencies*** to ***HUD.***

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NHP Creates Urban Revitalization Division

The *National Housing Partnership (NHP)* has created a new *Urban Revitalization Division.* The new division... headed by Morris Shroder... a vice president of ***NHP***... will work particularly with city governments and community groups to generate increased development and rehabilitation activities... utilizing the broad experience of ***NHP*** which is already the largest private developer of housing for low- and moderate-income families in the Nation and which has participated in 43 inner-city projects.

NHP provides equity capital and/or joint venture funds to partnerships formed with developers, builders, and community organizations at local levels for the construction of housing... either multifamily rental or single-family sales. It also maintains a technical staff which can assist during the planning and building stages of the project and when construction of a multifamily residence is completed... the management arm of ***NHP*** can also assume responsibility for an ongoing successful operation.

NHP has been a partner in the development of almost 40,000 housing units and has never failed to complete a project and has never experienced a foreclosure on any of its nearly 250 housing developments.

Mr. Shroder joined ***NHP*** in 1975 after retiring as Director of the ***Publicly Financed Housing Division*** of ***HUD.***

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Minority S&L Assets Exceed $1 Billion

Minority-owned savings and loan associations... those owned, managed, and/or controlled by Blacks or Americans of Hispanic or Asiatic descent... continued growing at more than an average rate during the first half of 1977.

For the first time... total assets of these associations surpassed the $1 billion mark on March 31 of this year. The figure rose to $1,065,989,000 on June 30, 1977... for a growth of $111 million... or 11.7 percent... for the first half of the year as compared with total assets of $954 million on December 31, 1976.

The group consists of 73 associations: Black, 41; Hispanic, 28; Asian, 4.

Minority savings associations have existed in this country since 1888 when ***Berean Savings and Loan Association,*** of Philadelphia, opened for business. The newest ***FSLIC***-insured association is ***Community S&L Association,*** Newport News, Va., which received ***FSLIC*** insurance approval on June 28.

There are five minority associations with assets above $50 million... of which ***Carver Federal Savings and Loan Association,*** of New York, leads with $72.1 million. Including this group, there are 15 with assets in excess of $20 million. California leads the States with 17 minority associations.

Farm Population Drops Again

Approximately 4 percent of the Nation's population... 8.3 million persons... lived on the Nation's farms in 1976... according to a joint report of the *Census Bureau* and the *Department of Agriculture*.

The data show that about one person in 26... or 3.0 percent of the Nation's 214 million people... lived on a farm last year. The estimate indicates a continuation of the downward trend in farm population. Just since 1970... there has been a net loss of almost 1.5 million people living on farms, with 40 percent of the loss... occurring in the past year alone.

The farm population is becoming more predominantly white, according to the new data. Although the number of farm residents declined an average of 2.7 percent annually since 1970... the average annual 9.2 percent loss for blacks was about four times the loss for whites. Blacks comprised 7 percent... or about 500,000 persons on farms in 1976... a sharp decrease from approximately 900,000 in 1970.

Other findings of the study include the following:

- The farm population is becoming older... with a greater decline in the number of young people on farms than among other age groups since 1970. The total of those under 14 dropped by a third...compared to only a 9 percent decline among those 14 years and older.

- Part of the decline in the number of farm children since 1970 can be attributed to the substantial drop in the Nation's birth rate... which is affecting both farm and nonfarm families.

- Preliminary analysis of the decline of about 611,000 in the farm population between 1975 and 1976 indicates that about 100,000 may be due to changes in the *Census Bureau's* processing procedures introduced last year.

Copies of the report, *Farm Population of the United States: 1976* (Advance Report), *ERS, P-27, No. 48,* are available for 35 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

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Housing Inventories Rise

New housing sales in July dropped 16 percent below June's rate of 799,000 units... according to *Commerce Department* figures. The July rate of 672,000 units was 11 percent higher than the July 1976 rate of 606,000. Figures on the inventory of new houses for sale rose to a new high... the ***Census Bureau*** reported... totaling 458,000 units at the end of July... of which 130,000 were completed... 265,000 were under construction, and 63,000 authorized but not yet begun.

With adjustments for seasonal variations... the end-of-July figure represented a 8.3 months' supply of housing at the July rate-of-sale... from a 7 month figure in June.

At the same time... the ***National Association of REALTORS*** reported that existing house sales in July reached new highs... with resales at a seasonally-adjusted rate of 3.5 million units.

Michael Sumichrast... Chief Economist of the ***National Association of Home Builders***... remarking on the drop in the new house sales rate... said the trend "must be taken as an unmistakable signal that the current homebuilding cycle is winding down and that starts will be headed lower over the next several months. July's 16 percent sales decline should not be dismissed as just another wrinkle in the monthly figures. Builders should not get too far ahead of themselves and end up with a big unsold inventory."

Sumichrast also pointed to some other problems for the homebuilder... increased costs and shortages of materials. Despite these problems... he predicts 1978 will be a "fairly good year for housing."

FYI

National Association of Home Builders... Production Management Seminars ... Phoenix, November 2-4... Ft. Lauderdale, December 7-9. Details: ***Department of Training and Education, NAHB,*** 15th & M Sts., N.W., Washington, D.C. 20005.

National Association of REALTORS... 70th Annual Convention... Miami, November 10-17. Details: ***NAR Convention Dept.,*** 430 N. Michigan Ave., Chicago, Illinois 60611 (312/440-8000).

National Municipal League... Annual Convention... Denver, November 13-16. Details: ***NML,*** 47 E. 68th St., New York, N.Y. (212/535-5700).

U.S. League of Savings Associations... 85th Annual Convention... San Francisco, November 13-18. Details: ***USLSA Convention Dept.,*** 111 E. Wacker Dr., Chicago, Illinois 60601 (312/644-3100).

Interbuild: 37th International Building and Construction Exhibition... Birmingham, England, November 16-25. Details: Susan Murray, ***International Trade Shows,*** 1350 Ave. of the Americas, New York, N.Y. 10019 (212/582-4960).

BATIMAT... 11th International Building Exhibition... Porte de Versailles, Paris, France, November 24-December 4. Details: ***International Trade Shows,*** 1350 Avenue of the Americas, New York, N.Y. 10019 (212/582-4960).

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Report Available

An Analysis of the Accounting, Tax, Origination, and Servicing Implications of Alternative Mortgage Instruments... developed for the ***Federal Home Loan Bank Board*** as part of its *Alternative Mortgage Instruments Research Study.* The report is available at $25.00 from ***Alternative Mortgage Instruments, Peat, Marwick, Mitchell & Co.,*** 1025 Connecticut Ave., N.W., Washington, D.C. 20036. Allow 4 weeks for delivery.

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